

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of Financial and Insurance Regulation

In the matter of:

Office of Financial and Insurance Regulation, Enforcement Case No. 07-5037

Petitioner

v

Golden Dental Plans, Inc.

Respondent

_____ /

CONSENT ORDER AND STIPULATION

Issued and entered,
on 5/1/09, 2009,
by **Stephen R. Hilker**
Chief Deputy Commissioner

**I.
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. At all pertinent times, Golden Dental Plans, Inc. (GDP/Respondent) was a certified alternative health care financing and delivery system (AFDS), authorized to do business in this state.
2. On or about July 13, 2006, Respondent submitted the following affiliated provider contracts to the Office of Financial and Insurance Regulation (OFIR) for approval: Provider Dental Service Agreement (Provider Agreement), including Addendum to IV Payments to Dentists/Exhibit B, and Specialist Provider Agreement (Specialist Agreement).
3. On August 2, 2006, OFIR informed Respondent that approval of the affiliated provider contracts could not be made until further information was received and reviewed. OFIS requested information regarding GDP's Provider Agreement and the increased reimbursement amounts to providers resulting from GDP converting

its reimbursement methodology from fee-for-service to capitation. In addition, OFIS requested information regarding GDP's Specialist Agreement.

4. On August 8, 2006, Respondent replied to OFIR's request. The information provided by Respondent was insufficient to determine if the change in reimbursement methodology for its Provider Agreement was financially sound. It was necessary for Respondent to also submit rates charged to employers in order to establish the financial soundness of the reimbursement methodology and amounts. Rates had not been filed with OFIR for four years.
5. On September 18, 2006, Respondent subsequently submitted new 2006 rates to OFIR.
6. On October 25, 2006, OFIR faxed a letter to GDP informing Respondent that the rate information was incomplete and therefore OFIR could not respond to the filing. Respondent had until November 22, 2006, to submit a complete rate filing, including the cost and utilization data that was used in developing the rates.
7. Respondent failed to respond by November 22, 2006, and the rate filing submitted by GDP on September 18, 2006 was subsequently disapproved by OFIR on January 22, 2007, due to a lack of information.
8. On February 2, 2007, OFIR informed Respondent that their affiliated provider contracts submitted on July 12, 2006, had been disapproved because without the requested information on the rates charged to employers; OFIR could not determine if the change in reimbursement methodology for its Provider Agreement was financially sound.
9. Based on information provided by Respondent to OFIR, Respondent indicated that it had been using the Provider Agreement, including Addendum to IV Payments to Dentists/Exhibits B, and Special Agreement since January 1, 2006. OFIS has no record of these contracts being previously submitted, and approved for use by GDP.
10. As a certified AFDS, Respondent knew or had reason to know that Section 3525 of the Michigan Insurance Code requires contracts and rates to be filed and approved by OFIR.
11. As a certified AFDS, Respondent knew or had reason to know that Section 3529(6) of the Michigan Insurance Code provides that a health maintenance organization shall submit to the commissioner for approval standard contract formats proposed for use with its affiliated providers and any substantive changes to those contracts. The contract format or change is considered approved 30 days after filing unless approved or disapproved within the 30 days.


12. Furthermore, Respondent had not submitted the methodology or supporting data used to determine the change in reimbursement methodology for its Provider Agreement. As a certified AFDS, Respondent knew or had reason to know that Section 3521 of the Michigan Insurance Code requires that all methodology and supporting data used to calculate rates be filed with and approved by the commissioner before becoming effective.
13. That GDP, once notified of said violation, provided documents and supporting data that resulted in compliance. As of December 20, 2007 OFIR approved GDP's general and specialist provider contracts.

Therefore, based on the above allegations, GDP was in violation of the Sections 3521, 3525, and 3529(6) of the Michigan Insurance Code.

II. ORDER

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondent shall continue to comply with the Michigan Insurance Code, including but not limited to, Sections 3521, 3525, and 3529(6) of the Michigan Insurance Code.
2. Respondent shall pay to the state of Michigan, through the Office of Financial and Insurance Regulation, a fine in the amount of \$1,000.00. Upon execution of this Order, the Office of Financial and Insurance Regulation will send Respondent an Invoice for the civil fine, which will be due within 30 days of issuance of the Invoice.



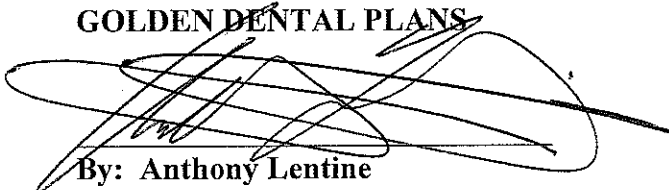
Stephen R. Hilker
Chief Deputy Commissioner

**III.
STIPULATION**

Respondent have read and understand the Consent Order above. Respondent agrees that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. I waive the right to a hearing in this matter if this Consent Order is issued. Respondent understands that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may or may not issue this Consent Order. Respondent waives any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law set forth in the above Consent Order, and agrees to the entry of the Consent Order.

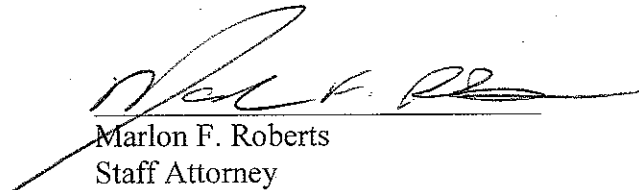
Dated: 4-17-09

GOLDEN DENTAL PLANS


By: Anthony Lentine
Its: President

The Office of Financial and Insurance Regulation staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

Dated: 4/29/09


Marlon F. Roberts
Staff Attorney